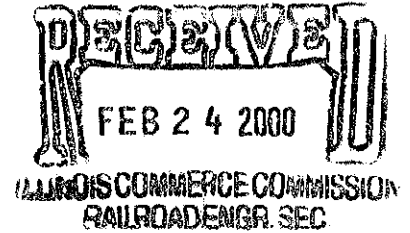


STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION



CITY OF GRANITE CITY,  
an Illinois municipal corporation,

Petitioner,

vs.

Docket No. T00-0003

ILLINOIS DEPARTMENT OF  
TRANSPORTATION, TERMINAL  
RAILROAD ASSOCIATION OF  
ST. LOUIS, GATEWAY EASTERN  
RAILWAY COMPANY, NORFOLK  
SOUTHERN RAILWAY COMPANY,  
and UNION PACIFIC RAILROAD,

Respondents.

**GATEWAY EASTERN RAILWAY COMPANY'S  
ANSWER TO PETITION**

COMES NOW Respondent Gateway Eastern Railway Company (hereinafter referred to as "Gateway Eastern") and for its answer to the Petition of the City of Granite City, states as follows:

1. Respondent Gateway Eastern admits the allegations of paragraph 1 of the Petition.
2. Respondent Gateway Eastern admits the allegations of paragraph 2 of the Petition.
3. Respondent Gateway Eastern admits the allegations of paragraph 3 of the Petition.
4. Respondent Gateway Eastern admits the allegations of paragraph 4 of the Petition.

5. Respondent Gateway Eastern admits the allegations of paragraph 5 of the Petition.

6. Respondent Gateway Eastern admits the allegations of paragraph 6 of the Petition.

7. Respondent Gateway Eastern neither admits or denies the allegations of paragraph 7 of the Petition, but will stipulate to the grade crossing data maintained by the Illinois Commerce Commission with respect to the subject crossings.

8. Respondent Gateway Eastern neither admits or denies the allegations of paragraph 8 of the Petition, but admits that Petitioner has submitted a proposal for grade crossing improvements and closings in the City of Granite City, Illinois. Respondent Gateway Eastern reserves the right to introduce evidence on design parameters and construction costs.

9. Respondent Gateway Eastern neither admits or denies the allegations of paragraph 9 of the Petition, but will stipulate to the grade crossing data maintained by the Illinois Commerce Commission with respect to the subject crossings.

10. Respondent Gateway Eastern neither admits or denies the allegations of paragraph 10 of the Petition, but admits that Petitioner has submitted a proposal for grade crossing improvements and closings in the City of Granite City, Illinois. Respondent Gateway Eastern reserves the right to introduce evidence on design parameters and construction costs. Respondent Gateway Eastern objects to Petitioner's request that Gateway Eastern bear a portion of the construction costs described in said proposal.

11. Respondent Gateway Eastern neither admits or denies the allegations of paragraph 11 of the Petition, but admits that Petitioner has submitted a plan for improving and closing various grade crossings in the City of Granite City, Illinois. Respondent Gateway Eastern reserves the right to introduce evidence on design parameters and construction costs.

Gateway Eastern objects to Petitioner's request that Gateway Eastern bear a portion of the cost of such proposal, including the cost of dedication of right-of-ways and permanent roadway easements to construct the connector roadway between 22<sup>nd</sup> Street and 20<sup>th</sup> Street.

12. Respondent Gateway Eastern neither admits or denies the allegations of paragraph 12 of the Petition, but admits that the Petitioner has submitted a plan for improving and closing various grade crossings in the City of Granite City, Illinois, and that there are land acquisition and relocation expenses for residential and commercial properties contemplated by the proposal.

13. Respondent Gateway Eastern has no objection to Petitioner's request that the Illinois Commerce Commission provide one-hundred percent (100%) financing for the initial phase of the project through the Grade Crossing Protection Fund

14. Respondent Gateway Eastern objects to Petitioner retaining the right to select the design team or engineering firm for the project if Petitioner does not contribute to funding the cost of the project.

15. Respondent Gateway Eastern neither admits or denies the allegations of paragraph 15 of the Petition, but admits that the Petitioner has submitted a plan for improving and closing various grade crossings in the City of Granite City, Illinois. Gateway Eastern reserves the right to introduce evidence on design parameters and construction costs.

16. Respondent Gateway Eastern objects to the Petitioner's request that costs be apportioned in the manner described in paragraph 16 of the Petition. Specifically, Respondent Gateway Eastern objects to:

- (a) Petitioner's proposal that Petitioner not be allocated any costs.
- (b) Petitioner's proposal that 19% of the costs of the project be allocated to the four railroad respondents. This allocation is too high.

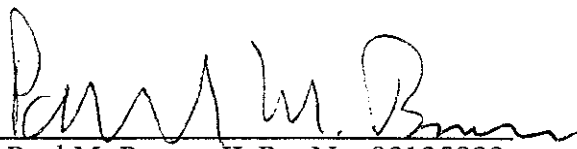
17. Respondent Gateway Eastern has no objection to IDOT Bureau of Land Roads serving as the funding agency or that funding parties be required to escrow sufficient funds in a timely manner to IDOT to provide payments during construction.

18. Respondent Gateway Eastern neither admits or denies the allegations of paragraph 18 of the Petition, but admits that Petitioner has submitted a plan for improving and closing various grade crossings in the City of Granite City, Illinois. Respondent Gateway Eastern has no objection to the project if the project is appropriately designed and costs are reasonable and equitably apportioned.

19. Respondent Gateway Eastern neither admits or denies the allegations of paragraph 19 of the Petition, but admits that Petitioner has submitted a plan for improving and closing various grade crossings in the City of Granite City, Illinois. Respondent Gateway Eastern has no objection to the project if the project is appropriately designed and costs are reasonable and equitably apportioned.

20. Respondent Gateway Eastern neither admits or denies the allegations of paragraph 20 of the Petition, but admits that Petitioner has submitted a plan for improving and closing various grade crossings in the City of Granite City, Illinois. Respondent Gateway Eastern has no objection to the project if the project is appropriately designed and costs are reasonable and equitably apportioned.

WHEREFORE, Respondent Gateway Eastern Railway Company prays that the Illinois Commerce Commission enter an order that will ensure that the project is appropriately designed and costs are reasonable and equitably allocated among all parties including the Petitioner.

By   
Paul M. Brown, IL Bar No. 03125999

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OF COUNSEL:  
THOMPSON COBURN LLP

ATTORNEYS FOR  
GATEWAY EASTERN RAILWAY CO.

# CERTIFICATE OF SERVICE

The undersigned certifies that on February 22, 2000, a copy of the foregoing instrument was served upon the following parties by depositing said instruments in the U.S. Mail, with postage thereon fully prepaid, plainly addressed as follows:

Kevin Sharpe, Director of Processing  
Illinois Commerce Commission  
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2000 Edison Avenue  
Granite City, IL 62040

Stacey C. Hollo  
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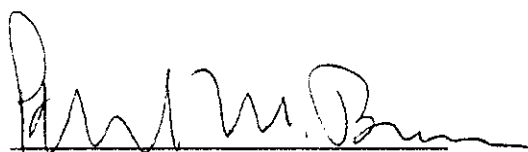
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